

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

U.S. – U.K. Alliance Case

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Docket OST-2001-11029

ANSWER OF NORTHWEST AIRLINES, INC.

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June 17, 2003

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Dated: June 17, 2003

ANSWER OF NORTHWEST AIRLINES, INC.

Northwest Airlines, Inc. (“Northwest”) hereby submits the following Answer in opposition to the Motion of United Air Lines, Inc., British Midland Airways Ltd. d/b/a bmi British Midland, Austrian Airlines Österreichische Luftverkehrs AG, Lauda Air Luftfahrt AG, Deutsche Lufthansa AG, and Scandinavian Airlines System (hereinafter collectively referred to as “United/bmi”) to further amend Order 2002-4-4. United/bmi seek removal of the condition attached to the Department’s grant of antitrust immunity in Order 2002-4-4, requiring as a condition precedent to the effectiveness of such Order the conclusion of a U.S.-U.K. open skies agreement. In the alternative, UA/bmi request further extension of the expiration date of the Department’s conditional grant of antitrust immunity until December 31, 2010. The Department should deny United/bmi’s Motion.

As grounds for their Motion, United/bmi cite the Department’s recent approval of the codeshare arrangement between American Airlines, Inc. and British Airways plc (“AA/BA”). The Department already has twice considered and rejected United/bmi’s attempt to compare the

UA/bmi antitrust immunity application to the recent codeshare arrangement of AA/BA. See Order 2003-4-7 at 11, *affirmed* Order 2003-5-33 at 9.

In this latest attempt to secure antitrust immunity without open skies, United/bmi predict that the Department's recent approval of the codeshare arrangement involving AA/BA "assures that there will be no achievement" of the goal of an open skies agreement with the U.K. (UA/bmi Motion at 7). United/bmi, therefore, urge the Department to essentially declare defeat, abandon its long standing policy and precedent of conditioning antitrust immunity upon the existence of an open skies agreement, and approve the United/bmi application without requiring open entry for all U.S. carriers. As a carrier that continues to be foreclosed from competing in the critical U.S.-London Heathrow market, unlike United, Northwest strongly urges the Department to stay the course on pursuit of liberalization of the U.S.-U.K. aviation market by denying the United/bmi request for immediate effectiveness of antitrust immunity.

The Department also should deny United's Motion to extend the effectiveness of Order 2002-2-4 through December 31, 2010. In the rapidly changing aviation world of today, the record on which the Department's conditional approval was based already is stale. The probability of successfully concluding negotiations on a U.S.-U.K. open skies agreement in the foreseeable future appears remote in light of the June 5, 2003 mandate to the European Commission to negotiate an open skies agreement with the U.S. on behalf of all EU member states, including the U.K. (EC Press Release #IP/03/806). It is uncertain whether any further discussions will occur with the U.K. on the topic of U.S.-U.K. open skies, and in any event the effectiveness of any such agreement would require European Commission approval. Negotiations between the U.S. and the European Commission are widely expected to be prolonged. Achieving compromise consistent with broad European Union and U.S. interests

could take years. Under the circumstances, the Department should permit its conditional grant of antitrust immunity to United/bmi to expire, and require United/bmi to file a new application at such time as the prospects of an open skies agreement meeting U.S. objectives at London Heathrow are imminent and an accurate analysis of the relevant competitive circumstances may be completed.

For the foregoing reasons, Northwest urges the Department to deny United/bmi's Motion.

Respectfully submitted,

/s/ Megan Rae Rosia /s/

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On this 17th day of June 2003, a copy of the foregoing Answer of Northwest Airlines, Inc. was served as follows:

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